

# Construction Tax and Property Conveyance Fund 395

## Tax Fund: Service Yards Purposes

### CONSTRUCTION TAX AND PROPERTY CONVEYANCE TAX FUND OVERVIEW:

San José Municipal Code section 4.80.300 establishes a single fund, the “Construction Tax and Property Conveyance Tax Fund”, for the deposit and accounting of the Construction Tax and the Property Conveyance Tax (“C&C revenues”). The various “funds” to which C&C revenues are allocated are accounted for within the Construction Tax and Property Conveyance Tax Fund.

### PURPOSE OF THE FUND:

Chapter 4.55 of the San José Municipal Code provides for the allocation and expenditure of C&C revenues. At least 64% of the revenues are allocated for the purposes of Park Improvements. For additional information on the collection and allocation of C&C revenues, please refer to the Construction Tax and Property Conveyance Tax Fund: Parks Purposes Central Fund. No more than 36% of the C&C revenues are allocated for other municipal improvements, including service yards purposes. By City Council practice, the City Council historically has annually appropriated 8.78% of the C&C revenues for service yards purposes.

Generally, the expenditures in this fund are limited to the purposes as provided in San José Municipal Code sections 4.55.300A and 4.55300B.5. These include the acquisition, construction, reconstruction, replacement, remodeling, modification, alteration, enlargement, renovation, furnishing and refurnishing and capital maintenance of City public works maintenance facilities, including land and interests in land, buildings, streets and sidewalks adjacent to City public works maintenance facilities, and other structures and works necessary or convenient for the maintenance of the City’s public works.

### AUTHORITY FOR THE FUND:

San José Municipal Code chapter 4.54 and San José Municipal Code section 4.80.300 through 4.80.320. Revenue and expenditure estimates are budgeted via Council funding sources resolution and appropriation ordinance, respectively.

### SOURCE OF FUNDS:

- Construction Tax (San José Municipal Code chapter 4.54): An excise tax imposed at the rates set forth in San José Municipal Code chapter 4.54 on every person who constructs, or causes to be constructed, any building, or portion thereof, or any mobile home lot in the City in which said person has an equity or title or other interest either as owner, leasee or otherwise.
- Real Property Conveyance Tax (San José Municipal Code chapter 4.58): An excise tax imposed on each transfer, by deed, instrument or writing by which any lands, tenements, or other real property sold, located in the City, or is granted, assigned, transferred or otherwise conveyed to, or vested in, a purchaser or purchasers thereof, or any person or persons at or by the direction of said purchaser or purchasers, when the value of the consideration exceeds one hundred dollars. The tax is imposed at the rate of one dollar and sixty-five cents for each five hundred dollars, or fractional part of five hundred dollars, of the value of the consideration.

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- Interest Earnings (see Fund Restrictions)

#### **FUND RESTRICTIONS:**

The fund is to be expended as outlined above. Per section 4.55.310 of the San José Municipal Code, the City Council may transfer interest earnings in this fund into any special fund or the General Fund.

The sources of funding for this fund included special taxes. Increases to the tax rate or significant changes to the use of these taxes are subject to voter approval.

#### **LEAD RESPONSIBILITY:**

General Services Department

#### **FINANCIAL INFORMATION AND LOCATION:**

##### **Comprehensive Annual Financial Report (CAFR) Designation:**

Governmental Fund-Special Revenue

##### **Budget Location:**

Adopted Capital Budget and Capital Improvement Program (Service Yards Capital Program)

##### **Funding Sources Resolution and Appropriation Ordinance Location:**

Section 12.50

#### **NOTES:**

When the Construction and Conveyance Tax revenues are received each month, they are deposited into the Construction and Conveyance Revenue Distribution Memo Fund (Fund 396). After the funds are deposited, they are distributed according to San José Municipal Code Chapter 4.55 and the Council approved distribution formula to the following C&C Tax Funds: Fire (8.40%); Park Yards (1.20%); Library (14.22%); Parks (64.0%); Service Yards (8.78%); and Communications (3.4%).